

March 9, 2011

The Honorable Olympia Snowe
United States Senate
Washington, D.C. 20510

The Honorable Tom Coburn
United States Senate
Washington, D.C. 20510

Dear Senators Snowe and Coburn:

As representatives of small businesses, we are pleased to support the Small Business Regulatory Freedom Act of 2011 (S. 474). This bill puts into place strong protections for small business to help ensure that the federal government fully considers the impact of proposed regulation on small businesses.

In an economy with high unemployment, and where almost 2/3 of all net new jobs come from the small business sector, we appreciate that your legislation would require regulators to further analyze the impact of certain proposals on job creation. The annual cost of federal regulation per employee is significantly higher for smaller firms than larger firms. Federal regulations – not to mention state and local regulations – add up and increase the cost of labor. If the cost of labor continues to increase, then job creation will be stifled because small businesses will not be able to afford to hire new employees.

S. 474 expands the scope of the Regulatory Flexibility Act (RFA) by forcing government regulators include the indirect impact of their regulations in their assessments of a regulation's impact on small businesses. The bill also provides small business with expanded judicial review protections, which would help to ensure that small businesses have their views heard during the proposed rule stage of federal rulemaking.

The legislation strengthens several other aspects of the RFA – such as clarifying the standard for periodic review of rules by federal agencies and sunseting rules that are not reviewed; requiring federal agencies to conduct small business economic analyses before publishing informal guidance documents; and requiring federal agencies to review existing penalty structures for their impact on small businesses within a set timeframe after enactment of new legislation. These important protections are needed to prevent duplicative and outdated regulatory burdens as well as to address penalty structures that may be too high for the small business sector.

S. 474 also expands the small business advocacy review panel process to all agencies. Currently, the panels only apply to the Environmental Protection Agency, the Occupational Safety and Health Administration, and the Consumer Financial Protection Bureau. These panels have proven to be an extremely effective mechanism in helping agencies to understand how their rules will affect small businesses, and help agencies identify less costly alternatives to regulations before proposing new rules.

We applaud your efforts to ensure the federal government recognizes the important contributions of job creation by small business, and look forward to working with you on this important legislation.

Sincerely,

American Public Power Association
Hispanic Leadership Fund
Institute for Liberty
International Franchise Association
National Association for the Self-Employed
National Association of the Remodeling Industry (NARI)
National Black Chamber of Commerce
National Federation of Independent Business
National Lumber and Building Material Dealers Association
Small Business & Entrepreneurship Council
Society of American Florists
U.S. Chamber of Commerce
Window and Door Manufacturers Association